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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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SUMMARY

Demand for farm products continues at high levels. Most measures of domestic demand have been unusually stable during the first four and one-half months of 1947. Industrial activity, employment and consumers' incomes have changed little so far this year.

Foreign demand also remains strong. Agricultural exports during the first quarter of 1947 were higher in dollar value and about as large in volume as in the same quarter of 1946.

After reaching record highs a month or two earlier, wholesale prices of all commodities, prices received by farmers, and prices paid by farmers have declined gradually.

Prices for farm products will be affected significantly in the next two months by the pattern of price readjustments in relation to wage increases, and by prospects for production of farm crops this year. Poor planting weather has caused smaller seedings of spring grains than expected earlier. As a result, however, corn acreages may increase.

ECONOMIC TRENDS AFFECTING AGRICULTURE

	Unit or base period:	1946		1947			
		Year	Mar.	Jan.	Feb.	Mar.	April
Industrial Production <u>1/</u>	1935-39:						
Total	= 100 :	170	168	188	189	190	187
All manufactures	" :	177	173	196	197	198	195
Durable goods	" :	192	183	221	222	225	222
Nondurable goods	" :	165	166	177	176	176	173
Minerals	" :	134	137	146	146	148	141
Construction activity <u>1/</u>	1935-39:						
Contracts, total	= 100 :	263	256	254	263	230	
Contracts, residential	" :	343	316	353	373	316	
Wholesale prices <u>2/</u>	1935-39:						
All commodities	= 100 :	150	135	176	179	185	183
All commodities except farm and food	" :	135	126	157	158	161	162
Farm products	" :	196	176	217	224	240	233
Food	" :	165	138	197	205	212	205
Prices received and paid by farmers <u>3/</u>	1910-14: = 100 :						
Prices received, all prod.....	" :	233	209	260	262	280	276
Prices paid, int. and taxes ...	" :	194	180	215	221	227	230
Parity ratio	" :	120	116	121	119	123	120
Consumers' price <u>5/ 6/</u>	1935-39:						
Total	= 100 :	139	130	153	153	156	
Food	" :	160	140	184	182	190	
Nonfood	" :	128	125	136	137	138	
Income	1935-39:						
Nonagricultural payments <u>4/</u> ...	= 100 :	239	230	251	253	254	
Cash farm <u>3/</u>	" :	300	271	366	352	342	
Income of Industrial Workers <u>3/</u> ..	" :	270	242	306	307	312	
Factory payrolls <u>5/</u>	" :	284	254	327	331	334	
Weekly earnings of factory workers <u>5/</u>	Dollars:						
All manufacturing	" :	43.73	42.15	47.09	47.28	47.47	
Durable goods	" :	46.48	44.79	49.60	49.72	49.96	
Nondurable goods	" :	41.01	39.83	44.42	44.69	44.80	
Employment							
Total civilian <u>7/</u>	Millions:	55.2	52.5	55.4	55.5	56.1	56.7
Employees in nonagri. est. <u>5/</u> ..	Thous.:	40,712	39,184	41,803	41,858	42,066	41,708
Farm <u>3/</u>	" :	10,012	8,263	8,272	8,280	8,591	9,242
Government finance (Federal) <u>8/</u> ..	Mil.dol.:						
Receipts, net	" :	3,467	5,747	3,820	4,378	5,701	2,556
Expenditures	" :	3,817	4,602	3,005	3,946	3,492	3,981

Annual data for the years 1929-46 appear on page 11 of the April 1947 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board; converted to 1935-39 base. 2/ U. S. Dept. of Labor, B.L.S. 3/ U. S. Dept. of Agriculture, BAE. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor B.L.S. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of Census. 8/ U. S. Dept. of Treasury. Data for 1946 are on average monthly basis.

OUTPUT AND EMPLOYMENT

A quarter of relative stability

Industrial production has been quite stable since the beginning of the year. In January and February, the Federal Reserve Board's index of total industrial production was 189 percent of the 1935-39 average, and in March it was 190 percent. In April, however, it dropped three points.

The individual groups of industries also changed little during the quarter. (See table below). Except for automobiles and alcoholic beverages, no change was larger than six points.

Industrial production, United States: Total, January to April,
and major industries, January to March
(Index nos., 1935-39 = 100, seasonally adjusted)

Group	January 1947	February 1947	March 1947	Change Jan.-Mar. (points)	April 1947
Industrial production, total	189	189	190	+ 1	187
Manufactures, total	196	196	198	+ 2	195
Durable Mfgs.	221	222	225	+ 4	222
Iron and steel	192	191	194	+ 2	
Machinery	276	276	278	+ 2	
Trans. equipment ^{2/}	229	233	234	+ 5	
Nonferrous metals and products	203	203	200	- 3	
Lumber and prod.	142	147	148	+ 6	
Stone, clay, and glass	218	218	218	0	
Automobiles	181	190	191	+ 10	
Nondurable	177	176	176	- 1	173
Textiles and products	172	173	172	0	
Mfg. food products	161	157	157	- 4	
Alcoholic beverages	241	223	223	- 18	
Paper and paper prod.	156	156	159	+ 3	
Chemical products	254	253	252	- 2	
Rubber products	247	246	244	- 3	
Minerals, total	146	146	148	+ 2	141

^{1/} Preliminary

^{2/} Excludes automobiles.

However, small shifts occurred between the various kinds of production. The durable goods industries--iron and steel, machinery, and others--generally increased but the nondurable groups--textiles, foods, and similar ones--generally decreased.

Compared with prewar standards, production of durable goods has been considerably higher than that of nondurables. Iron, steel, machinery, lumber and other groups averaged together had an index of 225 in March, but the index for foods, textiles, paper and other nondurable goods was 176. Production of industrial machinery and transportation equipment has been particularly high.

The three point drop in industrial activity in April was caused by slight declines in automobiles, coal mining, and textiles. Preliminary data indicate another very small drop in May. Steel production fell off in the week ending April 10 but recovered later. Automobile production has dropped recently.

Total employment also changed only gradually during the first months of 1947. It was 55.4 millions in January, 56.1 millions in March, and 56.7 millions in April. All of the increase was in farm workers. Agricultural employment rose 700,000 from January to March, and 600,000 from March to April. Nonagricultural employment stayed at 48.8 millions in January, March and April.

Because the labor force grew at the same rate as total employment in January-April, unemployment remained unchanged at 2.4 millions.

INCOME AND RELATED FACTORS

Income payments in March were at a seasonally adjusted annual rate of 176.7 billion dollars, about the same as in January and February. The average for the first quarter was 176.9 billion dollars, 13 percent more than the first quarter of 1946 and two percent more than the fourth quarter of 1946.

Salary and wage payments, seasonally adjusted, rose slightly from February to March. During the first quarter, they were about 14 percent above the same period a year earlier and two percent above last October to December. Other kinds of income payments declined slightly between February and March.

The recent wage increases coming from new labor contracts are likely to be reflected at once in an increase in total salaries and wages. They represent additional buying power in the hands of some wage-earners. At present, though, there is no indication that wage earners generally will participate in the increases.

The dollar value of department store sales, seasonally adjusted, declined from 277 (1935-39 = 100) in March to 271 in April (preliminary). Sales for both "Easter months" averaged 7 percent greater than in March and April of 1946. Since retail prices of nonfood items had risen 10 percent, however, the physical volume of sales probably was a little smaller in March and April this year than in those months a year ago.

Sales of durable consumers' items such as automobiles and furniture were at record levels in March and April. Sales of nondurable consumers' goods are now probably no larger in dollar value than a year ago.

COMMODITY PRICES

Prices received by farmers continue downward from the record high of 280 (1909-14 = 100) reached in mid-March. The index was 276 on April 15 and 272 on May 15.

Prices of most meat animals, dairy products, and nearly all oil bearing crops were lower in May than in April. Most truck crop prices also were lower but the decline was less than usual for this time of year. Grain prices did not change much between April and May. Cotton prices to growers, however, continued a rise that began in January.

Although declines in prices have been general, they are relatively small and do not reflect a serious weakening of demand. For some commodities they are normal for the season. Both domestic and foreign demand for farm products remain strong.

Prices received by farmers for most crops are expected to drop further during the next few months. Grain prices are expected to decline at about normal rates, but will be affected by changing prospects for the new crops. Truck crop prices are likely to decline as usual during the spring but will remain higher than the prices received at the same time in 1946.

Average prices for meat animals, dairy products, and poultry products probably will hold around present levels during the next few months.

Prices paid by farmers, including interest and taxes, declined one point to 229 (1910-14 = 100) in May from the record level of 230 in April. This was the first break in the rise which began last September. Lower feed prices were primarily responsible for the downturn in the index. Food prices also were slightly lower in May than in the previous month. Prices of fertilizers, machinery, and other industrial products bought by farmers changed little between April and May.

Prospects are for only a moderate reduction in the index of prices paid in the next few months. Feed, food, and clothing prices may decline slowly but most groups of the index are expected to remain at or near their present levels.

The ratio of prices received to prices paid including interest and taxes--the parity ratio--was 119 in May, compared with 120 in April and 123 in March.

The index of wholesale prices of all commodities has declined very slowly since reaching a peak of 149 in late March. For the second week in May the index was 147 (1926 = 100). Lower prices for foods and farm products accounted for most of the drop.

The consumer price index of the Bureau of Labor Statistics was 156 (1935-39 = 100) in April, equalling the record high of March. Retail food prices, at 188 (1935-39 = 100) in April, were one point below their peak in March. Recent trends in wholesale prices point to a continued moderate decline in retail food prices.

AGRICULTURAL EXPORTS

United States agricultural exports for the first quarter of 1947 were valued at 913 million dollars. This is 8 percent higher than the 843 million dollars of exports in the first--and highest--quarter of 1946. (See table on next page).

Value of domestic exports of agricultural products
in specified periods

Calendar year or quarter	UNRRA	Lend-Lease 1/	Other 2/	Total 3/
	Million dollars	Million dollars	Million dollars	Million dollars
1935-39 yearly average	0	0	748	748
1946- Total	721	211	2,204	3,136
First quarter	249	135	459	843
Second quarter	239	56	535	830
Third quarter	177	18	537	732
Fourth quarter	56	2	673	731
1947				
First quarter	4/	4/	4/	913

1/ Practically all of the lend-lease agricultural exports in 1946 and 1947 were financed with credits under Section 3C of the Lend-Lease Act.

2/ Total less UNRRA and Lend-Lease.

3/ Excludes military shipments for foreign civilians.

4/ Not available.

UNRRA shipments are included in the above figures but military shipments of foods for foreign civilians are not. Based on their estimated value, the military shipments were higher in the first quarter of 1947 than in the two previous quarters and brought the total value of agricultural exports plus military shipments during the quarter to more than one billion dollars.

Agricultural exports in the calendar year 1946 totaled 3,136 million dollars. This value is nearly four times the prewar average.

Foodstuffs accounted for 68 percent of all agricultural exports in 1946. During 1935-39, they were only 36 percent of agricultural exports. In both 1946 and the prewar years, a little more than a third of foodstuffs were grains. The predominance of foodstuffs during 1946 arose largely from agricultural exports under UNRRA and Lend-lease, for 88 percent of the former and 82 percent of the latter were foodstuffs.

Because of higher prices of farm and food products, the physical quantity of exports has changed less than dollar values since prewar. The quantity of exports plus military shipments to foreign civilians in 1946 was approximately twice as large as prewar exports, and has remained at about the same level in 1947.

Little change is indicated in the world food supply for 1947-48. According to a recent survey by the Office of Foreign Agricultural Relations, decreases in grain production are indicated in major importing Nations but increases are expected in exporting Nations.

The physical quantity of agricultural exports during all of 1947 is now expected to be only a little less than that of 1946. It will be affected by the size of U. S. crops, the availability of financing for purchases by foreign Nations, and the changes in foreign food supplies. Under the most favorable conditions, the quantity of agricultural exports in 1947 could be equally as large as in 1946.

FARM INCOME

According to preliminary estimates, farmers' cash receipts, including government payments, were around 1.9 billion dollars in May. This value was about the same as March and April.

Receipts from dairy products, reflecting spring increases in milk production, were a little higher in May than in April. Receipts from poultry products also were higher, because of the usual seasonal rise in marketings of chickens and turkeys. On the other hand, cash receipts from meat animals declined slightly. Receipts from all crops were about the same in May as a month earlier.

Cash receipts from farm marketings in May were about one-fifth higher than in May 1946. All of the gain came from a 35 percent increase in receipts from livestock and livestock products. Receipts from crops were little different from May last year.

Total cash receipts from farm marketings for the first five months of this year are approximately 9.4 billion dollars, nearly 30 percent more than in the same months of 1946. Receipts from livestock were 6.4 billion dollars, a rise of 40 percent over last year. Those from all crops were 3.0 billions, 10 percent more than in 1946.

Largely because of higher prices, farmers received 50 percent more from meat animals during the first five months than in the same months last year. They received 15 percent more from poultry products. Receipts from dairy products were 35 percent above dairy products sales in five months of 1946. They were only 15 percent higher, though, than last year's sales plus dairy production payments.

Receipts from crops were larger during five months this year than last year because prices averaged nearly 20 percent higher. Volume of marketings was 8 percent smaller. Cash receipts from wheat during January to May were about 50 percent larger than in the same five months of 1946 because of substantially higher prices. Receipts from tobacco showed an equal gain, chiefly because of larger quantities marketed.

LIVESTOCK AND MEATS

Meat animal prices declined substantially in April and early May from the peaks of February and early March, when they were about 60 percent higher than a year earlier. Hog prices dropped more than \$6.00 per 100 pounds in March and April, and in the first part of May were about the same as in January. In spite of unusually large supplies, slaughter cattle prices declined less than hog prices. Lamb prices also declined only a little. Prices of stocker and feeder cattle and low grade slaughter cattle reached a new high in early May.

Prices of meat animals nevertheless are high compared with previous years. On May 15, they averaged 40 percent above the ceilings of May 1946.

Demand for meat has been very strong. Despite record prices, consumption of meat per person in early 1947 was the greatest for the period in at least 35 years. Consumption for the year is likely to set a new record. Prices also are expected to average higher than for any previous year.

Hog prices are likely to hold close to early May levels through summer, but to decline more than usual when marketings become large in the fall and early winter. Normal seasonal declines in prices of cattle and of lambs are expected through early fall. A recession in business activity and consumer incomes would accentuate seasonal declines in prices.

Domestic meat supplies promise to be considerably above average during the rest of 1947. They will be larger than last year in the summer months, and are expected to be at least as big as last year's very large supplies during the fall and early winter. Beef and veal will account for an exceptionally high proportion of supplies this summer because of increased numbers of cattle being fed. The proportion of pork will be lower than usual, since hog marketings will be small following the small pig crop last fall. Pork supplies will become more plentiful late in 1947 when this year's spring pigs reach market weights, and will make up a more nearly normal proportion of the total meat supply.

Production of meat for the entire year 1947 may be about the same as the 23 billion pounds produced in 1946. Beef and veal production is likely to exceed the 10.8 billion pounds produced in 1946. Pork production may be around 10 percent less than the 11.2 billion pounds produced last year. Lamb and mutton production, always a small part of the total meat supply, may be as much as 20 percent less than the 970 million pounds produced in 1946.

DAIRY PRODUCTS

Prices farmers receive for milk sold at wholesale and for butterfat have fallen during the last several months. Early in the year they dropped sharply, but more recently they have changed at about the normal rate for the spring season of heavy milk flow.

Generally, however, prices of these two products are as high or higher now than in the spring of 1946. The price of milk sold at wholesale, which set a new record this year for the months January to March, is still a little higher than the price plus subsidy last spring. Butterfat prices in April were running about the same as the price plus subsidy in April 1946.

Prices of manufactured dairy products have also declined recently. Butter prices in April were nearly the same as prices plus subsidy in April last year. The Cheddar cheese price fell more than seven cents per pound in April and is now lower than last year's price plus subsidy equivalent.

Evaporated milk and ice cream prices have dropped less from levels earlier this year and from peaks of last fall than have most other products. Prices in April were higher than those in April 1946.

Prices of milk and dairy products are not likely to regain the high levels of the fall of 1946. This prospect applies to prices of milk to farmers, of butterfat, or fluid milk, butter, Cheddar cheese, evaporated milk and ice cream.

The volume of fluid milk sales in 29 Federal-Order markets in March was 3.6 percent smaller than in March last year. In January, sales had been practically the same as in January 1946. Consumption of fluid milk in the United States for all of 1947 is likely to be less than in 1946.

Butter production in 1947 will be higher than last year, but exports will probably be less. Cheddar cheese production, too, will be greater in 1947, and exports may be smaller. Less ice cream was manufactured in January to March this year than in the same months last year, and less is likely to be manufactured in the entire year than in 1946.

Evaporated milk production will be somewhat larger and exports smaller than in 1946. Domestic consumption of evaporated milk may have been stimulated by retail fluid milk prices that in many markets, especially in the Southern States, declined only slowly from their peaks.

POULTRY AND EGGS

Prices received by farmers for eggs on April 15 were the highest ever recorded for that month. The average U. S. price was 40.8 cents a dozen, 9.5 cents higher than in April 1946. During the last month, prices changed little and on May 15 averaged 40.7 cents.

Demand for eggs has been exceptionally strong. Consumption per capita for January-March this year exceeded the same period of any previous year, despite record prices.

Egg prices may not rise quite as much as usual this fall. Normally, they are 35 to 40 percent higher in November and December than in May and June, but this year a smaller rise will still bring them above prices in the fall of 1946.

Supplies of eggs to be available in the second half of 1947 will be moderately below those of the second half of 1946 and about one-fifth less than in the first half of 1947, because production is expected to be less than last year and stocks are significantly smaller. Cold storage holdings of shell and frozen eggs on May 1 were equivalent to 5.9 million cases, about one-half as large as last year's large holdings and about the same as the 1935-39 average.

Chicken prices are likely to decline moderately from present levels because of seasonally increasing supplies of chicken and red meats and possibly lower meat prices. Supplies of chickens in the second half of this year will be less than in the same months of 1946.

Even though supplies will be about 20 percent smaller than last year, turkey prices are not expected to change much during the rest of 1947. Prices will be supported if necessary during the 1947-48 marketing season under a program just announced by the Department of Agriculture.

FATS, OILS, AND OILSEEDS

Prices of butter, lard, edible vegetable oils, linseed oil, tallow, grease, coconut oil, and tung oil have declined substantially in the last two months. In mid-May, prices of nearly all items except linseed oil were the lowest since price ceilings were taken off last fall. The index of wholesale prices of 27 major fats and oils in mid-May was 227 (1935-39 = 100) compared with 300 in March and 286 in December 1946. But in May last year, when prices were under control, the index was 158.

This decline in prices since March is believed to be partly due to reduced demand for inventory-building by wholesalers and retailers. Although complete data are not available, retail shelves were nearly bare of fats, oils and soap as late as last December but are now well stocked. Stocks of wholesalers and those in homes of consumers also may have increased in the last few months.

Another factor in the decline in prices is an increase in imports of copra, a source of coconut oil for use in soap and in bakery and candy products. The rate of imports in late 1946 and early 1947 was the highest ever recorded. In addition, the production of lard this year has been larger than had been expected because the yield of lard per hog slaughtered has been unusually high.

Production of all fats and oils from domestic materials is likely to be about 10 percent larger in the 1947-48 marketing year than in the present year 1946-47, unless growing conditions are unfavorable during the summer for oilseed crops and corn. At least a part of the increased production will be needed to build up inventories of fats and oils in the hands of crushers and processors. Unlike wholesalers' and retailers' stocks, those inventories continued to be exceptionally low the past year. The carry-over of factory and warehouse stocks on October 1 probably will be even smaller than the low stocks of October last year and the smallest since 1926.

CORN AND OTHER FEEDS

Prospects for the new crops will be an important influence on feed prices during the next several months. If production of feed crops in 1947 is as large as in recent years, feed prices probably will decline as much as usual through the fall. The price of corn this summer is likely to be higher than the ceilings of June 1946, but lower than in the summer of 1946 after controls lapsed.

Foreign demand for feed grains and for high-protein feeds is expected to stay strong through the rest of 1947. It also will be a price-strengthening factor.

Prices of most feeds, which usually rise in the spring, fell somewhat during April this year but moved up sharply in the first three weeks of May. Prices of feed grains, wheat millfeeds, and animal proteins were much higher in mid-May than in May and June of last year. Prices of most other feeds were nearly the same as in May 1946.

The cold, wet spring this year retarded the seeding and early growth of feed crops throughout most of the Central and Eastern sections of the country. Corn Belt farmers have been unable to complete the seeding of the intended acreages of oats and barley. As a result, they probably will plant more corn and other late-spring crops.

Conditions in early May indicated that the 1947 hay supply will be about 118 million tons, slightly smaller than the large supply last year, but 10 million tons larger than the average for the past 10 years. Carry-over of old hay on farms on May 1 was larger than average, but smaller than the record on May 1 last year. Supplies of hay are expected to be ample during the coming year.

WHEAT

The production of winter wheat this year will be by far the largest on record, according to indications on May 1. Prospects are for 1,026 million bushels, 17 percent larger than the 1946 record.

When a very large crop is in prospect, prices usually decline from the latter part of May until August or September. This year, however, the drop is expected to be much less than usual. Active demand for the small supplies of wheat remaining from the 1946 crop is expected to cushion the normal decline and to cause prices to remain relatively high until new wheat moves to market in volume.

Because of large demand for export, prices of the new crop are likely to hold above loan levels. This prospect is different from experiences prior to 1942, when wheat prices declined after each harvest to considerably below loan levels.

If the June 15 index of prices paid by farmers is the same as on May 15, the average loan rate to growers for the 1947 crop will be \$1.82 per bushel. This rate, equivalent to about \$2.00 for No. 2, ordinary protein, at Kansas City, is well above the loan rate of \$1.49 for the 1946 crop, but less than the average price of \$2.40 per bushel received by growers on April 15 of this year.

Because seeding has been greatly retarded by wet fields, the acreage of spring wheat is likely to fall below the acreage planned in March. If an average spring crop of 250 million bushels is produced, the total 1947 wheat crop would be approximately 1,275 million bushels. This would be about 10 percent above the previous record of 1,156 millions in 1946.

If the crop is this size and even if domestic disappearance in 1947-48 should be as much as 800 million bushels, 475 million bushels will be available either for export or as addition to carry-over July 1, 1948. Exports again will be very large.

Exports in the year ending July 1 are now estimated at about 375 million bushels. If this is correct, the carry-over on that date will be about 75 million bushels compared with 100 millions on July 1, 1946.

FRUIT

Prices growers will receive in June and July for citrus fruits are expected to average a little lower than in the same months of 1946, mainly because larger supplies remain to be marketed. Prices for deciduous tree fruits probably will average nearly as high as in June and July 1946, because movements of new 1947 crops during those months are likely to be smaller than last year.

Supplies of oranges and grapefruit remaining to be marketed after May 1 are about one-third larger than those of last year, and supplies of lemons are about one-eighth larger. Consequently, prices are expected to continue lower than last year, even though prices for grapefruit may advance slightly at the end of the season and prices for lemons may rise as summer weather stimulates demand.

Strawberry prices at shipping points and terminal wholesale markets in early May were approximately the same as a year earlier. They are expected to decline moderately below last year's prices as market movement becomes heavy from the mid-spring and late-spring States. The late-spring crop is estimated to be 3,668,000

24-quart crates, nearly one-third larger than last year and slightly above the 1936-45 average. The entire 1947 crop of 8,548,000 crates is estimated to be almost one-fourth larger than the 1946 crop but still one-tenth under average.

Prices to growers for sweet cherries, apricots, and plums in June and July, when movements to market are heavy, are expected to be about as high as in 1946. The crops may be somewhat smaller than in 1946, but processor demand may not be as keen. Peaches from the 10 early Southern States, estimated at a record 25.5 million bushels, may bring prices only slightly lower than those received during last spring and early summer last year.

Prices at shipping points and terminal wholesale markets for the remaining stocks of 1946 crop apples, which on May 1 were slightly larger than the 1942-46 average stocks on that date, are expected to change little and to remain considerably below prices a year earlier.

COMMERCIAL TRUCK CROPS

Prices to growers for most of the commercial truck crops for fresh market will be higher this summer than in the summer of 1946. Acreages for summer harvest according to early estimates will be 6 to 8 percent less than 1946 for cabbage (including cabbage used for sauerkraut), green peppers, and watermelons, and 15 percent less for onions. But acreage of cantaloups for early summer harvest may be 10 percent larger than last year.

Production of commercial truck crops for fresh market this spring was cut down by reduced acreage and by cool weather and frosts. It totaled about 12 percent smaller than in the spring of 1946. Reductions were as large as one-fourth to one-half for beets, cabbage (including that for kraut), eggplant, Honey Ball melons, onions, green peas, green peppers, and tomatoes.

The cold weather slowed the growth of some crops intended to spring market. Since they will reach market at the same time as the early summer crops, there may be a rush of marketings for a while. The quality of some of the delayed crops that require cool weather, such as lettuce, peas, celery, and cauliflower, may be poorer than usual.

Early fall cabbage will be raised on about one-tenth fewer acres in 1947 than in 1946, if growers' intentions in March are carried out. Reductions were planned both for domestic type, most of which is used for sauerkraut, and for Danish type, which provides most of the cabbage going into storage for winter marketing.

Prospects for marketing canned vegetables appear to be improving as the reduced production of fresh vegetables extends into summer. Processors' reports on lima beans, just released, indicate that acreage for commercial canning and freezing in 1947 may be 15 percent larger than the acreage planted in 1946. If this acreage is actually planted, and abandonment and yields per acre equal the 1935-44 average, the lima bean crop will be only slightly smaller than last year and about one-third larger than average.

POTATOES AND SWEET POTATOES

Production of new potatoes is running less than a year ago. The commercial crop for late spring harvest is estimated to be one-third smaller than the same crop of 1946, although one-fourth larger than the 1936-45 average. The acreage of the crop for summer harvest is estimated to be one-seventh smaller than a year earlier and one-eighth smaller than average.

Prices of new potatoes are expected to average higher in June and July than in the same months last year. Price support activity on any considerable scale probably will not be necessary on potatoes of U. S. No. 1 size and quality from the early crop.

Marketing of the old 1946 crop of sweetpotatoes was rushed in April to get ahead of the May 1 quarantine and is now virtually completed. Prospects are that sweetpotato acreage in 1947 will be slightly smaller than in 1946 and moderately smaller than average.

DRY EDIBLE BEANS AND PEAS

A price support program for dry edible beans was announced recently by the Department of Agriculture. Support will be given at 90 percent of the parity price as of August 15 for specified varieties of unclassified field run beans. Differentials above this price at which the various market classes and grades will be supported are provided in the program. Differentials for U. S. No. 1 cleaned and bagged, f.o.b. cars at county shipping point, range from 10 cents per 100 pounds for Great Northern beans in Idaho to \$2.30 for Standard lima beans. Those on Choice Hand Picked and on Extra No. 1 will be 10 cents higher than on No. 1, and on No. 2 will be 15 cents lower than on No. 1.

Specified varieties of 1947 dry field peas will be supported by the Department at 90 percent of the comparable price as of July 15, 1947. "Comparable price" is a calculation similar to parity but on a different time base.

Prices received by growers for beans continue at about twice the 1946 support prices while those for peas are moderately above the 1946 support prices.

COTTON

Cotton prices moved upward during the first two-thirds of May, with less fluctuation than occurred in April. Prices at the 10 markets averaged 35.99 cents per pound from May 1-22, compared with an average of 34.96 cents for the same period in April. The average of 36.01 for May 22 was over a half cent below the highest point reached in April but almost 3 cents below the peak of last October.

Volume of sales on the 10 spot markets during the first half of May was about 10 percent larger than in the first half of April, but mill buying continued small.

The parity price for cotton on April 15 was 28.52 cents, an advance over March and the highest ever established. Since Government loan programs are tied to parity, a rise in parity price is a strengthening factor. Another recent event which tended to support prices was the opening of bids for purchase of 65,000 bales of cotton for UNRRA shipments.

Although planting conditions have been favorable throughout most of the Cotton Belt, and the export subsidy was reduced on May 8 from 2 to $\frac{1}{2}$ cent per pound, spot prices did not fall. Prices of new crop futures, however, have showed some weakening.

The volume of textile sales continued comparatively small in May, and prices were slightly lower than previous months. The United States Commercial Company (A subsidiary of RFC) announced a program whereby goods made in Japan from American cotton could be imported for finishing and re-export.

Domestic mills used 40,131 bales per working day in April, slightly less than the daily rate in March but about the same as the daily rate for the first 8 months of this marketing season. The 882,880 bales consumed in April bring the total for the first 9 months to 7.8 million bales. Mill use during May, June, and July is expected to drop slightly below the April rate, and to decline a little more than usual for those months. On the basis of this outlook, it is estimated that mill consumption during the entire season will be about 10 million bales. If net exports are 3 million bales (exports of $3\frac{1}{4}$ million and imports of $\frac{1}{4}$ million), the carry-over on August 1 would be 3 million bales, 60 percent less than the carry-over last August 1 and the lowest since 1929.

WOOL

Prices of wool, particularly of the finer grades, continued firm to rising in most foreign markets during April. This was reflected in Boston quotations for imported wool in bond. For the week ending May 9, fine Australian good top-making wool was quoted at 99 cents, 8.5 cents above the first week in April. At the end of April, prices of fine imported wools, adjusted for tariff and differences in preparation, appeared to be as high as the recent CCC support price for domestic fine wools.

The CCC support program for domestic wools ended on April 15. Not much new wool had been marketed by that date. Sales of new clip wool during April ordinarily are small and have been even lighter than usual this year as cold weather delayed shearing. Scattered reports indicate that some growers have sold wool at reduced prices since April 15, but others who had choice well-grown fine wool have marketed their clip at prices at least as favorable as those recently offered by the CCC.

Domestic mills consumed apparel wool during the first quarter at an annual rate of 612 million pounds (scoured basis), which was only slightly below the last quarter of 1946 and 10 percent higher than average consumption during 1941-45. A further decline in mill consumption, due to seasonal factors and some drop in sales of woollen fabrics is anticipated during the second quarter--April to June--of this year.

TOBACCO

Prices at Maryland tobacco auctions, which opened April 22, are running below last year. Through May 16, average auction prices for gross sales of $4\frac{3}{4}$ million pounds of leaf were 49.3 cents per pound, compared with 56.0 cents during the corresponding period of 1946. There has been considerable grower dissatisfaction, and bid prices were rejected frequently in the early weeks. The average prices of the large Maryland crop for the entire season will probably be lower than in recent years but well above any year before 1942.

Cigarette consumption in the first quarter of 1947 was 8 percent higher than in the same period of 1946. Cigar consumption was 2.5 percent less than last year, and snuff consumption fell 9 percent below the same quarter of 1946. Manufacture of smoking tobacco in February was 17 percent above the same months a year ago. Plug, twist and scrap chewing manufactures in February were lower than February 1946 but fine-cut chewing was slightly higher.

Cigarette production and consumption probably will continue relatively high. Smoking tobacco may increase a little.

Exports of tobacco leaf in March remained relatively high. Total exports in January to March were 14 percent higher than the same period of 1946. Exports in the next few months are expected to be reduced somewhat as a result of the increased British import duties which became effective in April.

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